

July 9, 2002

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**AN ORDINANCE TO EXTEND THE TERM OF PETROLEUM PIPELINE FRANCHISE  
ORDINANCE NO. 10,896, AS AMENDED, GRANTED TO UNION OIL COMPANY  
(ALL) (3 VOTE)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve the amendment to Ordinance No. 10,896, as amended, to extend the term of the petroleum pipeline franchise granted to Union Oil Company, through June 30, 2003.
2. Introduce, waive reading, and place on your Board's agenda for adoption, the accompanying ordinance which implements the above recommendation.
3. Find that this project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, Section (e), of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061(b)(3) of the State CEQA Guidelines.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended action is to extend the term of the petroleum pipeline franchise granted to Union Oil Company, (Unocal) to June 30, 2003.

This extension will allow Unocal additional time to finalize the negotiations for the sale of the LAX Pipeline to Tosco Corporation (Tosco).

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### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The Countywide Strategic Plan directs that we effectively manage the resources that we have and increase public/private partnerships (Goal 4, Strategies 1 and 3). The granting of this pipeline franchise extension is consistent with that goal.

### **FISCAL IMPACT**

Unocal has paid the County a \$5,000 fee to process an ordinance to amend the franchise. In addition, an estimated \$23,000 will be generated over the six-month period of the extension.

The base rate during the extended term of Unocal's franchise (Ord. No. 10,896, as amended) shall remain 21 cents per linear foot for pipelines of eight inches or less in nominal internal diameter, plus three cents per nominal diameter inch for each inch or fraction thereof over eight inches. The base annual fees will be subject to an annual adjustment for inflation.

### **FINANCING**

Not applicable. The recommended Board action does not involve any financing.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

- In 1974, your Board granted a 25-year Countywide petroleum pipeline franchise to Unocal. During the five years prior to the expiration date of the franchise, Unocal sold most of its California assets.
- In 1996, Unocal sold its oil and gas minerals, leases and production to Nuevo Energy Company, and began negotiations to sell its refineries, terminals, service stations and pipelines to Tosco. However, negotiations continued between Unocal and Tosco to clearly identify the various pipelines included in the transfer.

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- Accordingly, in order to allow Unocal additional time to finalize its pipeline transfers, in June 1999 and December 2000, your Board adopted ordinances to extend the term of Unocal's franchise, (Ord. No. 99-0049F and Ord. No. 2000-0073F). In April 2002, Unocal requested an extension of the term of its franchise in order to allow additional time to finalize its sale to Tosco of one additional pipeline, the LAX Pipeline, which Unocal leased to Tosco in 1997.
- Once Unocal completes the sale of the LAX Pipeline to Tosco, the County can negotiate a renewal of the franchise with Unocal, which will include all pipelines owned and operated by Unocal in unincorporated County areas. The County notified Unocal that future extensions of the term of its franchise would be for periods of six months, to be requested six months in advance, and submitted with a \$5,000 fee.
- By letter dated April 22, 2002, Unocal requested a six-month extension of its franchise and paid the County a five thousand dollar (\$5,000) fee to process an amendment to the franchise, (Ord. No. 10,896, as amended).
- The Audit Division of the Auditor-Controller has no objection to the term extension for the pipeline franchise. The Fire Department and Department of Public Works have reviewed the request and have no objections to extending the term of the franchise.
- County Counsel has reviewed the accompanying ordinance and approved it as to form.

#### **CONTRACTING PROCESS**

Not applicable. The recommended Board action does not involve any contracting.

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Not applicable. The recommended Board action will not impact or adversely affect any current services.

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### **NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT**

The term extension of this pipeline franchise is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1, Section (e) of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061(b)(3) of the State CEQA Guidelines.

### **CONCLUSION**

Instruct the Executive Officer, Board of Supervisors, to send an approved copy to, Unocal Corporation, 376 South Valencia Avenue, Brea, CA 92823-6345, Attn: Mr. Jack Cierley, and forward approved copies to the offices of County Counsel, Department of Public Works, and Chief Administrative Office, Real Estate Division, Attn: Property Management Section, 222 South Hill Street, 3<sup>rd</sup> Floor, Los Angeles, CA 90012.

Respectfully submitted,

DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:SNY  
CWW:RB:pb

c: County Counsel  
Auditor-Controller  
Fire Department  
Department of Public Works